

A nonprofit organization that under described circumstances investigates causes of community tension, discrimination, physical deterioration, and juvenile delinquency, disseminates its findings, and attempts to educate the public as to means of correcting such conditions may be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

Advice has been requested whether the nonprofit organization described below qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The organization was created to eliminate prejudice and discrimination, to lessen neighborhood tensions, and to combat community deterioration and juvenile delinquency in a particular community. Among the various committees utilized to accomplish its purposes are (1) its Zoning Committee, which investigates complaints in cases in which possible violations of building codes and zoning ordinances might result in community tensions and deterioration; (2) its Streets Committee, which instructs the people of the community as to proper conduct on the streets in order to reduce tensions that might otherwise result from reckless and negligent acts; (3) its Empty Lots Committee, which counsels residents of the community and city officials in the best use of vacant lots in order to eliminate potential gathering places for unruly elements and to eliminate potential areas of deterioration within the community; (4) its School Committee, which works with parents, teachers, and school officials to give them a better understanding of any racial and religious tensions that may be present in the community and to insure equal treatment of all pupils; and (5) its Recreation Committee, which sponsors meetings and other activities to bring together persons of various races and religions.

The organization disseminates information that is useful and beneficial to the community on the various subjects mentioned above by brochures, newsletters, newspaper advertisements, billboard signs, lectures, public discussions, and radio and television. It makes no charge for attendance at any of its lectures or meetings or for its publications, which are distributed to local residents and interested civic, industrial, and professional personnel. Although the organization makes a nominal charge for membership, it is financed for the most part by public contributions.

No part of the organization's activities consists of carrying on propaganda or otherwise attempting to influence legislation, and the organization does not participate in or in any way intervene in political campaigns.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable or educational purposes, no substantial

part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation, and which does not participate in, or intervene in (including the publishing and distributing of statements), any political campaign on behalf of any candidate for public office.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations defines the term 'charitable' as including the promotion of social welfare by organizations designed to lessen neighborhood tensions, to eliminate prejudice and discrimination, or to combat community deterioration and juvenile delinquency.

Section 1.501(c)(3)-1(d)(3) of the regulations defines the term 'educational' as including the instruction of the public on subjects useful to the individual and beneficial to the community.

The work of the organization's committees is charitable since it is designed to contribute directly to lessening neighborhood tensions, eliminating prejudice and discrimination, and combatting community deterioration and juvenile delinquency. The dissemination of information to residents of the community and other interested people of the city at large is educational because the material instructs the public on subjects useful to the individual and beneficial to the community.

Accordingly, the organization is exempt from Federal income tax under section 501(c)(3) of the Code.

An organization which considers itself within the scope of this Revenue Ruling must, in order to establish exemption under section 501(c)(3) of the Code, file an application on Form 1023, Exemption Application, with the District Director of Internal Revenue for the internal revenue district in which is located the principal place of business or principal office of the organization. See section 1.501(a)-1 of the regulations.